



James B. Lebeck
Deputy General Counsel and
Corporate Secretary
1775 Sherman Street
Suite 1200
Denver, Colorado 80203
303.837.2464
303.864.2598 fax
jlebeck@sm-energy.com
SM-Energy.com

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Bureau of Land Management, Casper Field Office
Attn: Mike Robinson, Project Manager
2987 Prospector Drive
Casper, WY 82604

Mr. Robinson:

SM Energy Company is part of the Converse County Oil and Gas Development Project which has previously submitted a draft Environmental Impact Study. The EIS submitted analyzed proposed oil and gas exploration and development activities across approximately 1.5 million acres of land in Converse County. On January 28, 2018, the Bureau of Land Management (BLM) released a Draft Environmental Impact Statement (DEIS) for the Converse County Oil and Gas Development Project, which comes with a 45-day public comment period. As a member company of this project, we would like to submit our company comments on the DEIS directly to the BLM.

SM Energy strongly supports the Proposed Action, which projects the drilling of up to 5,000 new oil and gas wells on 1,500 single and multi-well pads within the Converse County Project Area (CCPA) over a period of 10 years, as well as associated infrastructure including roads, buried gas and oil pipelines, surface water pipelines, and power lines.

The project will result in vast socioeconomic benefits to local communities and the state, especially Wyoming's public school system. Over the life of the project (40+ years), development under the Proposed Action is expected to produce 1.37 billion barrels of oil and 5.79 trillion cubic feet of natural gas. BLM predicts this development will result in over 8,400 jobs at peak development and generate tax and royalty revenue ranging from \$19.9 to \$30.8 billion (based on commodity prices), several billion of which will go directly to Wyoming schools.

SM Energy, along with the other operators, has committed to employ many measures to limit surface disturbance in the CCPA, including drilling horizontally that results in less disturbance and habitat fragmentation than vertical drilling. As a result, new and existing surface disturbance will occur on just 5.1% of the CCPA under the Proposed Action. In addition, the Proposed Action features the potential for year-round drilling and development, which reduces truck traffic

associated with rig moves, decreases surface disturbance, and results in earlier initiation of interim reclamation.

While our company strongly supports the Proposed Action (Alternative B), we encourage the BLM to address and rectify the following issues before finalizing the EIS and issuing a ROD to implement the project:

The DEIS does not reflect Recent DOI Policy Changes such as recently-released Presidential Executive Orders, Department of Interior (DOI) Secretarial Orders, and other policy documents, including Presidential Executive Order 13783 - Promoting Energy Independence and Economic Growth and DOI Secretarial Orders 3349 and 3360. Before issuing a ROD, BLM must ensure the EIS comports with these and future policy changes that would alter the implementation of the project.

While the Proposed Action references the potential for year-round drilling and development, BLM has not clearly outlined an exception request process that would provide meaningful relief from timing stipulations for raptors and other species, but has instead imposed overly-prescriptive constraints for these requests, including the preparation of an Environmental Assessment. The DEIS makes only passing reference to the potential utilization of a migratory bird conservation plan (MBCP) currently being developed by the OG, BLM, and the U.S. Fish & Wildlife Service. The MBCP would facilitate year-round drilling through the systematic relief of raptor timing stipulations based on operational avoidance, historic data, and monitoring. In general, the OG strongly seeks a ROD that allows for year-round drilling within the CCPA, as nearly 50% of pads in the development area are within raptor nest or Greater Sage-Grouse (GSG) lek buffers. Without timing stipulation relief, operators will likely require multiple drill rig mobilizations to these pads, resulting in increased heavy truck traffic, dust, and other impacts.

BLM has included onerous mitigation requirements that limit operational certainty before project initiation or while activities are being conducted. The DEIS features compensatory mitigation, particularly the concepts of "additionality" and "no net loss or measurable net gain," despite DOI's and the President's review and withdrawal of policies and directives that promote compensatory mitigation. It also includes language from a BLM mitigation manual and handbooks that were recently rescinded via DOI Secretarial Order.

The DEIS references the BLM GSG Land Use Plan Amendment ROD for the Rocky Mountain Region and Approved Resource Management Plan (RMP) Amendment for the Wyoming GSG Sub-region, but fails to recognize these plans are under review by DOI and that new Instructional Memoranda released by BLM may alter management of GSG habitat areas before the finalization of the EIS. The DEIS would also impose operational restrictions in BLM priority habitat management areas (PHMA) in the Douglas GSG area, even though the PHMA boundary reflects the State of Wyoming's version 3 GSG boundary and not the most recent version 4 boundary.

Given the limited amount of federal surface (just 10%) but preponderance of federal minerals (64%) in the CCPA, BLM needs to make clearer its approach to the management of wells located off-lease on private surface but will penetrate and produce federal minerals (i.e., fee-fee-fed scenario). While this ownership scenario yields implementation challenges as it relates to National Historic Preservation Act (NHPA) and NEPA compliance and BLM permitting processes, the DEIS does not clearly discuss how BLM will permit development on fee-fee-fed lands.

As operators in Wyoming are facing more and more impediments due to the ambiguous nature and inconsistent application of NHPA Section 106 process for tribal consultation, BLM should clarify the necessary level of identification and monitoring for tribal and cultural resources, particularly when such resources occur on private lands.

This is an important project for our company and for the State of Wyoming. SM Energy appreciates the opportunity to provide comments and hopes the BLM will consider the recommendations provided in this letter prior to issuing a ROD.

Sincerely,

SM ENERGY COMPANY



James B. Lebeck

Deputy General Counsel and Corporate Secretary